

Notes to Operating Report for the following cases:

| | |
|-----------------------------------|--------------------|
| Dora Dog, LLC | 19-50103-gs |
| Dog Blue Properties, LLC | 19-50104-gs |
| Brandy Boy Properties, LLC | 19-50105-gs |
| 475 Channel Road, LLC | 19-50106-gs |
| Park Road, LLC | 19-50108-gs |
| 140 Mason Circle, LLC | 19-50109-gs |

The Federal Government, through the Assistant U.S. Attorney's ("AUSA") office and the Federal Bureau of Investigation ("FBI") seized all known records of the above debtor's in addition to all known cash on December 18, 2018.

Records were represented to be in FBI custody in Kentucky.

Cash is represented to be in the custody of the AUSA.

It is unclear as to the status of the financial records at this time.

The computer server has been returned to, and secured by, the Trustee but does not contain all needed records.

This case was filed as a Chapter 11 case on January 30, 2019.

Subsequent to the filing of the Chapter 11, 2 forfeiture actions were filed by the AUSA claiming title to most of the properties included in the above Bankruptcy Estates.

The Chapter 11 case was converted to Chapter 7 on March 22, 2019.

Between January 30, 2019 and March 22, 2019, there are limited financial records.

Some mail was forwarded and some payments were received, with some being months after the dates on the checks.

Federal Marshals were assigned responsibility for maintaining all properties subject to the forfeiture actions.

Negotiations with the AUSA regarding ownership and responsibility for the properties continued until mid-December 2019 at which time a coordination agreement was approved by the Federal District Court in Sacramento and the Federal Bankruptcy Court in Reno.

Limited information is available regarding the reason for payments received and no hardcopy financial records have been turned over by the Federal Marshals or the AUSA .

Best estimates are used as to the reason for the payments.

All payments are reported in the period received.

Should it be determined that there are past due rents, refunds or other accounts due, they will be pursued.

Independent insurance is being sought, properties are being inspected, utilities researched, etc....

Utilities have been shut off at a number of the properties and damage has been done.

These damages will be addressed to the extent that benefits exceed costs.

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re: DOG BLUE PROPERTIES, LLC

Case No. 19-50104-GS

**CHAPTER 7
MONTHLY OPERATING REPORT
(REAL ESTATE CASE)**

SUMMARY OF FINANCIAL STATUS

MONTH ENDED: Apr-19PETITION DATE: 1/30/2019 0:00

1. Debtor in possession (or trustee) hereby submits this Monthly Operating Report on the Accrual Basis of accounting (or if checked here the Office of the U.S. Trustee or the Court has approved the Cash Basis of Accounting for the Debtor).
Dollars reported in \$1

| | <u>End of Current Month</u> | <u>End of Prior Month</u> | <u>As of Petition Filing</u> |
|--|---------------------------------|-------------------------------|--------------------------------------|
| 2. Asset and Liability Structure | | | |
| a. Current Assets | <u>\$973,013</u> | | |
| b. Total Assets | <u>\$17,380,959</u> | | <u>\$17,309,289</u> |
| c. Current Liabilities | <u>\$0</u> | | |
| d. Total Liabilities | <u>\$1,687,054</u> | | <u>\$1,687,054</u> |
| | | | Cumulative |
| 3. Statement of Cash Receipts & Disbursements for Month | <u>Current Month</u> | <u>Prior Month</u> | <u>(Case to Date)</u> |
| a. Total Receipts | <u>\$72,309</u> | | <u>\$72,309</u> |
| b. Total Disbursements | <u>\$440</u> | | <u>\$440</u> |
| c. Excess (Deficiency) of Receipts Over Disbursements (a - b) | <u>\$71,870</u> | <u>\$0</u> | <u>\$71,870</u> |
| d. Cash Balance Beginning of Month | <u>\$0</u> | | <u>\$0</u> |
| e. Cash Balance End of Month (c + d) | <u>\$71,870</u> | <u>\$0</u> | <u>\$71,870</u> |
| | <u>Current Month</u> | <u>Prior Month</u> | <u>Cumulative (Case to Date)</u> |
| 4. Profit/(Loss) from the Statement of Operations | <u>\$71,870</u> | | <u>\$71,870</u> |
| 5. Account Receivables (Pre and Post Petition) | <u>\$31,668</u> | | |
| 6. Post-Petition Liabilities | <u>\$0</u> | | |
| 7. Past Due Post-Petition Account Payables (over 30 days) | <u>\$0</u> | | |

At the end of this reporting month:

- | | <u>Yes</u> | <u>No</u> |
|--|------------|-------------|
| 8. Have any payments been made on pre-petition debt, other than payments in the normal course to secured creditors or lessors? (if yes, attach listing including date of payment, amount of payment and name of payee) | | <u>X</u> |
| 9. Have any payments been made to professionals? (if yes, attach listing including date of payment, amount of payment and name of payee) | | <u>X</u> |
| 10. If the answer is yes to 8 or 9, were all such payments approved by the court? | | |
| 11. Have any payments been made to officers, insiders, shareholders, relatives? (if yes, attach listing including date of payment, amount and reason for payment, and name of payee) | | <u>X</u> |
| 12. Is the estate insured for replacement cost of assets and for general liability? | | <u>unk.</u> |
| 13. Are a plan and disclosure statement on file? | | <u>N/A</u> |
| 14. Was there any post-petition borrowing during this reporting period? | | <u>X</u> |
15. **Check if paid:** Post-petition taxes ; U.S. Trustee Quarterly Fees ; Check if filing is current for: Post-petition tax reporting and tax returns: .
(Attach explanation, if post-petition taxes or U.S. Trustee Quarterly Fees are not paid current or if post-petition tax reporting and tax return filings are not current.)

I declare under penalty of perjury I have reviewed the above summary and attached financial statements, and after making reasonable inquiry believe these documents are correct.

Date: 1/7/20

Responsible Individual

BALANCE SHEET
(Real Estate Case)
For the Month Ended 4/30/2019 0:00

Assets**From Schedules****Market Value****Current Assets**

| | | | |
|---|--|---|------------------|
| 1 | Cash and cash equivalents - unrestricted | | \$71,870 |
| 2 | Scheduled Cash and cash equivalents - restricted | | \$806,400 |
| 3 | Scheduled Accounts receivable (net) | A | \$31,668 |
| 4 | Prepaid expenses | | |
| 5 | Professional retainers | | |
| 6 | Other: <u>Seized Cash</u> | | \$63,076 |
| 7 | | | |
| 8 | Total Current Assets | | \$973,013 |

Property and Equipment (Market Value)

| | | | |
|----|-------------------------------------|---|---------------------|
| 9 | Scheduled Value of Real property | C | \$15,459,183 |
| 10 | Scheduled Machinery and equipment | D | \$3,764 |
| 11 | Scheduled Furniture and fixtures | D | \$428,880 |
| 12 | Scheduled Office equipment | D | \$366 |
| 13 | Leasehold improvements | D | \$0 |
| 14 | Scheduled Vehicles | D | \$17,011 |
| 15 | Other: _____ | D | |
| 16 | _____ | D | |
| 17 | _____ | D | |
| 18 | _____ | D | |
| 19 | _____ | D | |
| 20 | Total Property and Equipment | | \$15,909,204 |

Other Assets

| | | | |
|----|---------------------------|--|---------------------|
| 21 | Loans to shareholders | | |
| 22 | Loans to affiliates | | \$498,741 |
| 23 | _____ | | |
| 24 | _____ | | |
| 25 | _____ | | |
| 26 | _____ | | |
| 27 | Total Other Assets | | \$498,741 |
| 28 | Total Assets | | \$17,380,959 |

NOTE:

Indicate the method used to estimate the market value of assets (e.g., appraisals; familiarity with comparable market prices, etc.) and the date the value was determined.

Liabilities and Equity
(Real Estate Case)

Liabilities From Schedules

Post-Petition

Current Liabilities

| | | | |
|----|--|---|------------|
| 29 | Salaries and wages | | |
| 30 | Payroll taxes | | |
| 31 | Real and personal property taxes | | |
| 32 | Income taxes | | |
| 33 | Sales taxes | | |
| 34 | Notes payable (short term) | | |
| 35 | Accounts payable (trade) | A | \$0 |
| 36 | Real property lease arrearage | | |
| 37 | Personal property lease arrearage | | |
| 38 | Accrued professional fees | | |
| 39 | Current portion of long-term post-petition debt (due within 12 months) | | |
| 40 | Other: | | |
| 41 | | | |
| 42 | | | |
| 43 | Total Current Liabilities | | \$0 |
| 44 | Long-Term Post-Petition Debt, Net of Current Portion | | |
| 45 | Total Post-Petition Liabilities | | \$0 |

Pre-Petition Liabilities (allowed amount)

| | | | |
|----|---------------------------------------|---|--------------------|
| 46 | Secured claims | F | \$2,050 |
| 47 | Priority unsecured claims | F | \$0 |
| 48 | General unsecured claims | F | \$1,685,004 |
| 49 | Total Pre-Petition Liabilities | | \$1,687,054 |
| 50 | Total Liabilities | | \$1,687,054 |

Equity (Deficit)

| | | | |
|----|--|--|---------------------|
| 51 | Retained Earnings/(Deficit) at time of filing | | \$15,693,905 |
| 52 | Capital Stock | | |
| 53 | Additional paid-in capital | | |
| 54 | Cumulative profit/(loss) since filing of case | | |
| 55 | Post-petition contributions/(distributions) or (draws) | | |
| 56 | | | |
| 57 | Market value adjustment | | |
| 58 | Total Equity (Deficit) | | \$15,693,905 |
| 59 | Total Liabilities and Equity (Deficit) | | \$17,380,959 |

SCHEDULES TO THE BALANCE SHEET
(Real Estate Case)

Schedule A
Accounts Receivable and (Net) Payable

| Receivables and Payables Agings | Accounts Receivable [Pre and Post Petition] | Accounts Payable [Post Petition] | Past Due Post Petition Debt |
|--|--|---|--|
| 0 -30 Days | | | |
| 31-60 Days | | | |
| 61-90 Days | | | |
| 91+ Days | | | \$0 |
| Total accounts receivable/payable | \$31,668 | \$0 | |
| Allowance for doubtful accounts | | | |
| Accounts receivable (net) | \$31,668 | | |

Schedule B
Inventory/Cost of Goods Sold
Not Applicable to Real Estate Cases

Schedule C
Real Property

| Description | Cost | Market Value |
|----------------------------------|--------------|---------------------|
| Scheduled Value of 19 Properties | \$15,459,183 | unk. |
| | | |
| | | |
| | | |
| | | |
| Total | \$15,459,183 | \$0 |

Schedule D
Other Depreciable Assets

| Description | Cost | Market Value |
|------------------------------------|-------------|---------------------|
| Machinery & Equipment - | | |
| Scheduled Value | \$3,764 | unk. |
| | | |
| | | |
| Total | \$3,764 | \$0 |
| Furniture & Fixtures - | | |
| Scheduled Value | \$428,880 | unk. |
| | | |
| | | |
| Total | \$428,880 | \$0 |
| Office Equipment - | | |
| Scheduled Value | \$366 | unk. |
| | | |
| Total | \$366 | \$0 |
| Leasehold Improvements - | | |
| | | |
| | | |
| Total | \$0 | \$0 |
| Vehicles - | | |
| Scheduled Vehicles | \$17,011 | unk. |
| | | |
| | | |
| Total | \$17,011 | \$0 |

Schedule E
Aging of Post-Petition Taxes
(As of End of the Current Reporting Period)

| Taxes Payable | <u>0-30 Days</u> | <u>31-60 Days</u> | <u>61-90 Days</u> | <u>91+ Days</u> | <u>Total</u> |
|--------------------------------------|-------------------------|--------------------------|--------------------------|------------------------|---------------------|
| Federal | | | | | |
| Income Tax Withholding | | | | | \$0 |
| FICA - Employee | | | | | \$0 |
| FICA - Employer | | | | | \$0 |
| Unemployment (FUTA) | | | | | \$0 |
| Income | | | | | \$0 |
| Other (Attach List) | | | | | \$0 |
| Total Federal Taxes | \$0 | \$0 | \$0 | \$0 | \$0 |
| State and Local | | | | | |
| Income Tax Withholding | | | | | \$0 |
| Unemployment (UT) | | | | | \$0 |
| Disability Insurance (DI) | | | | | \$0 |
| Empl. Training Tax (ETT) | | | | | \$0 |
| Sales | | | | | \$0 |
| Excise | | | | | \$0 |
| Real property | | | | | \$0 |
| Personal property | | | | | \$0 |
| Income | | | | | \$0 |
| Other (Attach List) | | | | | \$0 |
| Total State & Local Taxes | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Taxes | \$0 | \$0 | \$0 | \$0 | \$0 |

Schedule F
Pre-Petition Liabilities

| <u>List Total Claims For Each Classification -</u> | <u>Claimed Amount</u> | <u>Allowed Amount (b)</u> |
|---|------------------------------|----------------------------------|
| Secured claims (a) | \$2,050 | |
| Priority claims other than taxes | \$0 | |
| Priority tax claims | \$0 | |
| General unsecured claims | \$1,685,004 | |

(a) List total amount of claims even if under secured.

(b) Estimated amount of claim to be allowed after compromise or litigation. As an example, you are a defendant in a lawsuit alleging damage of \$10,000,000 and a proof of claim is filed in that amount. You believe that you can settle the case for a claim of \$3,000,000. For Schedule F reporting purposes you should list \$10,000,000 as the Claimed Amount and \$3,000,000 as the Allowed Amount.

Schedule G
Rental Income Information

List the Rental Information Requested Below By Properties

| | <u>Property 1</u> | <u>Property 2</u> | <u>Property 3</u> | <u>Property 4</u> |
|---------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Description of Property | 1108 Juniper Ave. | 4800 Blum Road #1 | 4800 Blum Road #3 | 4810 Blum Road #5 |
| Scheduled Gross Rents | unk. | unk. | unk. | unk. |
| Less: | | | | |
| Vacancy Factor | unk. | unk. | unk. | unk. |
| Free Rent Incentives | unk. | unk. | unk. | unk. |
| Other Adjustments | unk. | unk. | unk. | unk. |
| <hr/> | | | | |
| Total Deductions | unk. | unk. | unk. | unk. |
| Scheduled Net Rents | unk. | unk. | unk. | unk. |
| Less: Rents Receivable * | unk. | unk. | unk. | unk. |
| Scheduled Net Rents Collected * | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

* To be completed by cash basis reporters only.

Schedule H
Recapitulation of Funds Held at End of Month

| | <u>Account 1</u> | <u>Account 2</u> | <u>Account 3</u> | <u>Account 4</u> |
|--------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Bank | Union Bank | | | |
| Account Type | Trust | | | |
| Account No. | 8900 | | | |
| Account Purpose | Trust | | | |
| Balance, End of Month | \$71,870 | | | |
| Total Funds on Hand for all Accounts | <u>\$71,870</u> | | | |

Attach copies of the month end bank statement(s), reconciliation(s), and the check register(s) to the Monthly Operating Report.

Schedule G
Rental Income Information

List the Rental Information Requested Below By Properties

| | <u>Property 5</u> | <u>Property 6</u> | <u>Property 7</u> | <u>Property 8</u> |
|---------------------------------|--------------------------|--------------------------|--------------------------|---------------------------|
| Description of Property | 1062 Mohr Lane Unit C | 1035 Marie Ave | 250 Arana Drive | 1308 Villa La Estancia |
| Scheduled Gross Rents | unk. | unk. | unk. | unk. |
| Less: | | | | |
| Vacancy Factor | unk. | unk. | unk. | unk. |
| Free Rent Incentives | unk. | unk. | unk. | unk. |
| Other Adjustments | unk. | unk. | unk. | unk. |
| Total Deductions | \$0 | \$0 | \$0 | \$0 |
| Scheduled Net Rents | unk. | unk. | unk. | unk. |
| Less: Rents Receivable * | unk. | unk. | unk. | unk. |
| Scheduled Net Rents Collected * | \$0 | \$0 | \$1,650 | \$0 |

| | <u>Property 9</u> | <u>Property 10</u> | <u>Property 11</u> | <u>Property 12</u> |
|---------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Description of Property | 1605 Villa La Estancia | 1709 Villa La Estancia | 2505 Villa La Estancia | 2606 Villa La Estancia |
| Scheduled Gross Rents | unk. | unk. | unk. | unk. |
| Less: | | | | |
| Vacancy Factor | unk. | unk. | unk. | unk. |
| Free Rent Incentives | unk. | unk. | unk. | unk. |
| Other Adjustments | unk. | unk. | unk. | unk. |
| Total Deductions | \$0 | \$0 | \$0 | \$0 |
| Scheduled Net Rents | unk. | unk. | unk. | unk. |
| Less: Rents Receivable * | | | | |
| Scheduled Net Rents Collected * | \$0 | \$0 | \$0 | \$0 |

Schedule G
Rental Income Information

List the Rental Information Requested Below By Properties

| | <u>Property 13</u> | <u>Property 14</u> | <u>Property 15</u> | <u>Property 16</u> |
|---------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Description of Property | 2801 Villa La Estancia | 3209 Villa La Estancia | 2805 Villa La Estancia | 2706 Villa La Estancia |
| Scheduled Gross Rents | unk. | unk. | unk. | unk. |
| Less: | | | | |
| Vacancy Factor | unk. | unk. | unk. | unk. |
| 1308 Villa La Estancia | unk. | unk. | unk. | unk. |
| Other Adjustments | unk. | unk. | unk. | unk. |
| Total Deductions | \$0 | \$0 | \$0 | \$0 |
| Scheduled Net Rents | unk. | unk. | unk. | unk. |
| Less: Rents Receivable * | unk. | unk. | unk. | unk. |
| Scheduled Net Rents Collected * | \$0 | \$0 | \$0 | \$0 |

| | <u>Property 17</u> | <u>Property 18</u> | <u>Property 19</u> | |
|---------------------------------|---------------------------|---------------------------|---------------------------|--------------|
| Description of Property | 3409 Villa La Estancia | 40 Iris Lane | 811 Brown Street | TOTAL |
| Scheduled Gross Rents | unk. | unk. | unk. | |
| Less: | | | | |
| Vacancy Factor | unk. | unk. | unk. | |
| Free Rent Incentives | unk. | unk. | unk. | |
| Other Adjustments | unk. | unk. | unk. | |
| Total Deductions | \$0 | \$0 | \$0 | |
| Scheduled Net Rents | unk. | unk. | unk. | |
| Less: Rents Receivable * | | | | |
| Scheduled Net Rents Collected * | \$0 | \$0 | \$1,900 | \$3,550 |

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**Increase/(Decrease) in Cash and Cash Equivalents****For the Month Ended 4/30/2019 0:00**

| | | Actual Current Month | Cumulative (Case to Date) |
|---------------------------|--|---------------------------------|--------------------------------------|
| Cash Receipts | | | |
| 1 | Rent/Leases Collected | \$3,550 | \$3,550 |
| 2 | Cash Received from Sales | | |
| 3 | Interest Received | | |
| 4 | Borrowings | | |
| 5 | Funds from Shareholders, Partners, or Other Insiders | | |
| 6 | Capital Contributions | | |
| 7 | Initial Deposit - detail not available | \$68,759 | \$68,759 |
| 8 | | | |
| 9 | | | |
| 10 | | | |
| 11 | | | |
| 12 | Total Cash Receipts | \$72,309 | \$72,309 |
| Cash Disbursements | | | |
| 13 | Selling | | |
| 14 | Administrative | \$440 | \$440 |
| 15 | Capital Expenditures | | |
| 16 | Principal Payments on Debt | | |
| 17 | Interest Paid | | |
| | Rent/Lease: | | |
| 18 | Personal Property | | |
| 19 | Real Property | | |
| | Amount Paid to Owner(s)/Officer(s) | | |
| 20 | Salaries | | |
| 21 | Draws | | |
| 22 | Commissions/Royalties | | |
| 23 | Expense Reimbursements | | |
| 24 | Other | | |
| 25 | Salaries/Commissions (less employee withholding) | | |
| 26 | Management Fees | | |
| | Taxes: | | |
| 27 | Employee Withholding | | |
| 28 | Employer Payroll Taxes | | |
| 29 | Real Property Taxes | | |
| 30 | Other Taxes | | |
| 31 | Other Cash Outflows: | | |
| 32 | | | |
| 33 | | | |
| 34 | | | |
| 35 | | | |
| 36 | | | |
| 37 | Total Cash Disbursements: | \$440 | \$440 |
| 38 | Net Increase (Decrease) in Cash | \$71,870 | \$71,870 |
| 39 | Cash Balance, Beginning of Period | | |
| 40 | Cash Balance, End of Period | \$71,870 | \$71,870 |

Customer Inquiries
800-669-8661

CY30 M 1 M 0000

Thank you for banking with us
since 2019

BANKRUPTCY ESTATE OF
DOG BLUE PROPERTIES LLC, DEBTOR
W DONALD GIESEKE, TRUSTEE
CASE #19-50104
18124 WEDGE PKWAY SUITE 518
RENO NV 89511

ANALYZED BUSINESS CHECKING SUMMARY

Account Number [REDACTED] 8900

Days in statement period: 28

| | | | |
|--------------------------|----|-----------|-----------|
| Beginning balance on 4/3 | \$ | | 0.00 |
| Total Credits | | | 72,309.21 |
| Deposits (3) | | 72,309.21 | |
| Total Debits | | | -439.69 |
| Checks paid (1) | | -439.69 | |
| Ending Balance on 4/30 | \$ | | 71,869.52 |

C R E D I T S

Deposits